GUIDELINES FOR DEVELOPING ANNUAL ACCOUNTABILITY REPORTS

Sections 1-1-810 and 1-1-820 of the 1976 Code of Laws state:

> Section 1-1-810. Each agency and department of state government shall submit an annual accountability report to the Governor and the General Assembly covering a period from July first to June thirtieth, unless otherwise directed by the specific statute governing the department or institution.

> Section 1-1-820. The annual accountability report required by Section 1-1-810 must contain the agency's or department's mission, objectives to accomplish the mission, and performance measures that show the degree to which objectives are being met.

The FY 2005-06 Appropriation Bill requires the following:

> Agencies' annual accountability reports for the prior fiscal year, as required in Section 1-1-810, must be accessible to the Governor, Senate Finance Committee, House Ways & Means Committee and to the public on or before September 15, for the purpose of a zero base budget analysis and in order to ensure that the Agency Head Salary Commission has the accountability reports for use in a timely manner. Accountability Report Guidelines shall require agencies to identify key program area descriptions and expenditures and link these to key financial and performance results measures. The Budget and Control Board is directed to develop a process for training agency leaders on the annual agency accountability report and its use in financial, organizational, and accountability improvement. Until performance based funding is fully implemented and reported annually, the state supported colleges, universities and technical schools shall report in accordance with Section 59-101-350.

Please submit **only** the information that fits the guidelines. In some cases, agencies are required by other statutes to prepare an annual report, which may contain information not necessary for the Accountability Report. In those instances, the agency's annual report should **not** be substituted for the Accountability Report.

The Office of State Budget will collect the reports from state agencies and distribute them to the Governor and General Assembly. The Office will not edit the Accountability Reports. (Please be aware that the data will be posted on the South Carolina government home page on the Internet.) Reports should be submitted to the Office of State Budget **electronically** or on a 3.5" diskette with four (4) printed copies by noon, September 15, 2005 (see the last page of this package for Submission Guidelines).

The Accountability Report represents more than an agency's activity in one year. While the current report should show an agency's overall progress for the year, the reader should see how the agency's trends compare to appropriate benchmarks and data from prior years. Where available and appropriate, please incorporate data from measures of prior years as well as data from your benchmarks so the reader can identify trends in your agency and how you compare to other entities in your field.

The agency's report should demonstrate how the on-going effort of training, planning, and measuring for continuous improvement involves all workers. In addition, it should reflect the agency's progress in implementing the Malcolm Baldrige National Quality Award criteria, i.e., leadership, strategic planning, customer focus, measurement, analysis, and knowledge management, human resource focus, process management, and business results.

Four agency reports from FY 2003-2004 have been identified for your reference as having one or more of the characteristics (detailed in the following pages) looked for in the Accountability Reports. However, keep in mind that none of these reports are "perfect" and should only be used as a guide in conjunction with the guidelines that follow. Those reports are:

- State Accident Fund

- Vocational Rehabilitation

- Employment Security Commission

- School for the Deaf & Blind

These and all agency reports for FY 2003-2004 can be found on the Office of State Budget's web page: *www.budget.sc.gov*.

CONTENTS AND FORMAT OF ACCOUNTABILITY REPORTS

The Accountability Report should be based on Malcolm Baldrige performance excellence criteria and contain the following:

- Transmittal Form (use transmittal form enclosed)

- Section I - Executive Summary (*2-3 pages*) to consist of the following elements:
    1. Mission and values,
    2. Major achievements from past year,
    3. Key strategic goals for the present and future years,
    4. Opportunities and barriers that may affect the agency's success in fulfilling its mission and achieving its strategic goals (This establishes the basis for the agency's budget request.),
    5. How the accountability report is used to improve organizational performance.

- Section II – Business Overview (*1-4 pages – page limit does not include Major Program Areas Chart*); a fact-based description of the organization. List the following elements:
    1. Number of employees,
    2. Operation locations,
    3. Expenditures/Appropriations Chart (use chart form available at www.budget.sc.gov),
    4. **Major Program Areas Chart** (use chart form available at www.budget.sc.gov),
    5. Key customers segments linked to key products/services,
    6. Key stakeholders (other than customers),
    7. Key suppliers, and
    8. Organizational structure.

    Note: When completing the **Major Program Areas Chart**, please list the programs that comprise at least 80% of the total budget. The remainder of programs should be "listed ONLY" in the box below the chart, and those program expenditures should be detailed in the chart's section entitled "Remainder of Expenditures." The **Key Cross References** for financial results column should link major programs to charts/graphs in Category 7 Results (ex. Chart 7.3-1 or Graph 7.3-2).

- Section III – Elements of Malcolm Baldrige Award Criteria as follows (follow question format following this list):

  Provide 1-3 pages discussing the following category:
  Category 1 – Leadership

  Provide up to 10 pages total discussing the following five categories: (Page limit does not include Strategic Planning Chart)

  Category 2 – Strategic Planning. (Include **Strategic Planning Chart** – use chart form available at www.budget.sc.gov)

  Note: The **Key Agency Action Plan/Initiative(s)** column in the **Strategic Planning Chart** should include your initiatives and plans to accomplish the goals/objectives listed in the second column. The **Key Cross References** column should link that program to charts/graphs in Category 7 – Results (ex. Chart 7.4-1 or Graph 7.2-2).

  Category 3 – Customer Focus
  Category 4 – Measurement, Analysis, and Knowledge Management
  Category 5 – Human Resource Focus
  Category 6 – Process Management

  Provide 10-25 pages discussing the final category:

  Category 7 – Business Results (Key Result Areas may include: Customer Service Results; Financial Results; Organizational Effectiveness Results; Human Resource Results; Regulatory, Legal Compliance, and Community Support Results.)

  Note: Results Information (i.e. each chart, graph, table) reported for Category 7 should be referenced to the specific question number (Ex. Chart 7.1-1, Graph 7.1-2, Table 7.1-3) The third digit identifies the sequential position of the specific chart, graph or table included in your response to each question.

The total length of the report is a maximum of 45 pages (page limit does not include the following charts: Major Program Areas Chart and Strategic Planning Chart.)

Elements of Malcolm Baldrige Award Criteria

Please stick as closely as you can to answering the questions, even if you have to report that you have made no progress in a certain area. If the agency is still in the beginning stages of developing processes in any particular category, please note what the agency's plans are to make progress.

Category 1 – Leadership

The Leadership Category explains the organization's leadership system and senior leaders' personal leadership skills. It describes how senior leaders set direction, performance expectations and address values, as well as how they focus on measures and responsibilities to their community.

1. How do senior leaders set, deploy, and ensure two-way communication for: a) short and long term direction, b) performance expectations, c) organizational values, d) empowerment and innovation, e) organizational and employee learning, and f) ethical behavior?

2. How do senior leaders establish and promote a focus on customers and other stakeholders?

3. How do senior leaders maintain fiscal, legal, and regulatory accountability?

4. What key performance measures are regularly reviewed by your senior leaders? (Actual results are to be reported in Category 7).

5. How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization?

6. How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?

7. How does senior leadership set and communicate key organizational priorities for improvement?

8. How does senior leadership actively support and strengthen the community? Include how you identify and determine areas of emphasis.

Category 2 – Strategic Planning

The Strategic Planning Category describes your organization's strategy development process and how strategy and plans are deployed and performance is tracked.

1. What is your Strategic Planning process, including KEY participants, and how does it account for:
     a. Customer needs and expectations
     b. Financial, regulatory, societal and other potential risks

c. Human resource capabilities and needs
d. Operational capabilities and needs
e. Supplier/contractor/partner capabilities and needs

Note: Strategic Planning process refers to your organization's approach (formal or informal) to a future-oriented basis for business decision, resource allocations and management to include how relevant data and information are gathered and analyzed. This process may use various types of forecasts, projections, options, scenarios or other approaches to address the future.

2. What are your key strategic objectives? (Address in Strategic Planning Chart)

3. What are your key action plans/initiatives? (Address in Strategic Planning Chart)

4. How do you develop and track action plans that address your key strategic objectives? Note: Include how you allocate resources to ensure accomplishment of your action plans.

5. How do you communicate and deploy your strategic objectives, action plans and performance measures?

6. If the agency's strategic plan is available to the public through the agency's internet homepage, please provide an address for that plan on the website.

Category 3 – Customer Focus

The Customer Focus Category describes how your organization identifies its customers, their requirements and the continued relevance of these requirements. Also examined is how your organization builds relationships with customers and determines their satisfaction.

Note: This category addresses external customers only – those outside of the organization. Differing requirements may exist for your various customer groups.

1. How do you determine who your customers are and what their key requirements are?

2. How do you keep your listening and learning methods current with changing customer/business needs?

3. How do you use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?

4. How do you measure customer/stakeholder satisfaction?

5. How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.

Category 4 – Measurement, Analysis, and Knowledge Management

The Measurement, Analysis, and Knowledge Management category describes your organization's performance measurement system and how your organization selects, aggregates, and analyzes performance data and information. It also describes how the organization manages, transfers, and maintains the accumulated knowledge possessed by its employees in the form of information, ideas, learning, and understanding, memory, insights, work skills, and capabilities.

Note: The terms information and analysis refer to the key measurements used by your organization to analyze performance. Because of the key nature of the data and information, they should be linked to the organization's operations, systems and processes described in your Business Overview and Category 6 – Process Management.

1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance?

2. What are your key measures?

3. How do you ensure data integrity, timeliness, accuracy, security and availability for decision making?

4. How do you use data/information analysis to provide effective support for decision making?

   Note: Analysis includes trends, projections, comparisons, and cause-effect correlation intended to support performance reviews and the setting of priorities for resource use. Analysis draws upon many types of data including customer related, financial, mission requirements, operational, competitive, and others. (Results are reported in Category 7).

5. How do you select and use comparative data and information?

6. How do you manage organizational knowledge to accomplish the collection and transfer and maintenance of accumulated employee knowledge, and identification and sharing of best practices?

Category 5 – Human Resources

This Category describes how your organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. It also describes how work environment and organizational climate improvement efforts are used to ensure full employee participation, growth and satisfaction.

Note: The term employees refers to your organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organization. Employees include managers and supervisors at all levels. Contract employees supervised by a contractor performing support processes should be addressed in Category 6 – Process Management.

1. How do you and your managers/supervisors encourage and motivate employees (formally and/or informally) to develop and utilize their full potential?

2. How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?

3. How does your employee performance management system, including feedback to and from employees, support high performance?

4. What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation?

5. How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters.)

6. What activities are employees involved with that make a positive contribution to the community?

Category 6 – Process Management

This Category describes key aspects of your organization's process management, including key product, service, organizational, and support processes (as it encompasses the design process and all work units).

Note: Product and service design, production, and delivery differ greatly among organizations, depending on many factors. These factors include the nature of your products and services, technology requirements, customer and supplier relationships and involvement, and product and service customization. Please address only the most critical requirements for your organization.

1. What are your key processes that produce, create or add value for your customers and your organization, and how do they contribute to success?

2. How do you incorporate organizational knowledge, new technology, changing customer and mission-related requirements, cost controls, and other efficiency and effectiveness factors into process design and delivery?

3. How does your day-to-day operation of these processes ensure meeting key performance requirements?

4. What are your key support processes, and how do you improve and update these processes to achieve better performance?

   Note: Support processes are those that support your organization's products/services design, productivity and delivery processes and operations. For many organizations, this might include information and knowledge management, finance and accounting, facilities management, research and development, administration, inter-governmental relations, legislative and public affairs and sales/marketing. Please address those key support processes unique to your organization and how you operate.

5. How do you manage and support your key supplier/contractor/partner interactions and processes to improve performance?

   Note: The term supplier refers to other organizations that provide you with goods and services.

Category 7 – Results

This Category describes your organization's performance and improvements in: customer satisfaction, mission accomplishment and organizational effectiveness, financial performance, human resource results, regulatory/legal compliance and community support. Information is typically displayed by the use of performance measures.

Quantitative measures may be supplemented by a discussion of qualitative measures where appropriate; however, every effort should be made to use appropriate quantitative measures that can be charted to show trends over time and comparisons to benchmarks.

7.1 What are your performance levels and trends for the key measures of customer satisfaction? (A customer is defined as an actual or potential user of your organization's products or services.)

7.2 What are your performance levels and trends for the key measures of mission accomplishment and organizational effectiveness?

7.3 What are your performance levels for the key measures of financial performance?

7.4 What are your performance levels and trends for the key measures of Human Resource Results (Includes: performance measurement, employee satisfaction, well-being learning and development, employee diversity and retention)?

7.5 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support? Note: For a governmental agency, this question would apply to compliance with laws and regulations *other than* the agency's central legal mandate. Results of the agency's legal mandate or mission should be addressed in question 7.2.

   Note: Please address only top-level results showing aggregate measures of agency-wide organizational performance that are reflective of the value added to customers. Please include comparative data as applicable. These results are typically captured in performance goals and planning documents.

   Note: Results information (i.e. each chart, graph, table) reported for Category 7 should be referenced to the specific question number (Ex. *Chart 7.1-1, Graph 7.1-2, Table 7.1-3*). The third digit identifies the sequential position of the specific chart, graph or table included in your response to each question.

SUBMISSION GUIDELINES

The FY 2004-2005 Accountability Report should be prepared in Microsoft Word whenever possible. If you do not have Microsoft Word, the word processing format you normally use will be satisfactory. If the report is prepared using WordPerfect, convert the file to Microsoft Word 97. If your agency does not use computers, you may submit a typed report, which will be scanned.

In an effort to standardize length, the length is a maximum of 45 pages. The suggested font is Times New Roman, 12 point.

Four (4) printed copies and either an e-mailed version of the report or a 3.5" diskette containing the Accountability Report should be submitted to the Office of State Budget at the following address by Thursday, September 15:

Office of State Budget
Attention: Karen Rhinehart
1201 Main Street, Suite 870
Columbia, SC 29201

NOTE: The data may be e-mailed to Krhinehart@budget.sc.gov and copies sent to the above address.

If you have questions regarding the submission of your Accountability Report, please contact your State Budget Analyst.

THE DEADLINE FOR SUBMISSION OF ACCOUNTABILITY REPORTS (ELECTRONIC PLUS FOUR PRINTED COPIES) IS THURSDAY, SEPTEMBER 15, 2005.

Accountability Report Transmittal Form

Agency Name _____

Date of Submission _____

Agency Director _____

Agency Contact Person _____

Agency Contact's Telephone Number _____